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RUEHBW/AMEMBASSY BUENOS AIRES 4239  
RUEHCV/AMEMBASSY CARACAS 1532  
RUEHPE/AMEMBASSY LIMA 1509  
RUEHME/AMEMBASSY MEXICO 1700  
RUEHMN/AMEMBASSY MONTEVIDEO 3778  
RUEHQD/AMEMBASSY QUITO 4172  
RUEHSG/AMEMBASSY SANTIAGO 8718  
RUCPDOC/DEPT OF COMMERCE WASHINGTON DC  
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UNCLAS LA PAZ 001271

SIPDIS

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STATE FOR WHA/AND LPETRONI  
STATE PASS TO USTR FOR BHARMAN  
COMMERCE FOR JANGLIN  
TREASURY FOR SGOOCH

E.O. 12958: N/A

TAGS: ETRD EINV ECON PREL PGOV SNAR BL

SUBJECT: GOB OFFERS COCA ERADICATION IMPROVEMENTS FOR  
ATPDEA EXTENSION

REF: LA PAZ 1172

¶1. (SBU) Summary: Leading Bolivian exporters told the Ambassador May 9 that President Morales had floated the idea of linking improvements in illegal coca eradication to an extension of the Andean Trade Promotion and Drug Eradication Act (ATPDEA). GOB officials reportedly told exporters they were unprepared to negotiate a free trade agreement and wished to consider alternatives. The Ambassador assured exporters of the USG's commitment to supporting the private sector but said the GOB's proposal would likely attract little serious consideration. The GOB's suggestion revealed government officials' illusions and lack of understanding of U.S. trade policy. End summary.

¶2. (SBU) In a May 9 meeting with the Ambassador, leading Bolivian exporters said President Morales had privately raised the possibility of linking advances in illegal coca eradication to an extension of Andean Trade Promotion and Drug Eradication Act (ATPDEA) trade preferences, due to expire December 31. Eduardo Bracamonte, General Manager of Exportadores Bolivianos, a major exporter of gold jewelry, said GOB officials told exporters they were unprepared for in-depth trade negotiations - citing the lack of a negotiating team, the absence of agreed economic objectives, and officials' inability to ensure a trade pact protects Bolivia's "dignity" - and wished to consider alternatives. According to Bracamonte, Morales hoped an offer of increased GOB commitment to eradicating illegal coca would persuade the USG to consider extending ATPDEA trade preferences.

¶3. (SBU) Marcos Iberkleid, President of Ametex, Bolivia's leading apparel manufacturer and largest private employer, added that GOB officials seemed convinced the United States would not "abandon" Bolivia. In his view, officials had an inflated view of Bolivia's importance as a trading partner and believed that since USG representatives in Washington had not explicitly quashed the idea of an ATPDEA extension, it remained a possibility. Iberkleid further noted that delays

in signing free trade agreements with Colombia and Peru had led Morales and other GOB officials to believe an ATPDEA extension might become a necessity.

¶14. (SBU) The Ambassador assured exporters of the USG's commitment to supporting the private sector but said the GOB's proposal would likely attract little serious consideration, particularly after Morales rejected U.S. invitations to negotiate a free trade agreement and instead signed a Peoples' Trade Agreement (reftel) with Venezuela and Cuba. This act, the Ambassador noted, had led many to question Morales' commitment to the kind of pact the United States had negotiated with neighboring countries. The Ambassador also pointed out that Bolivia's recent record on eradication did not inspire confidence in the administration's ability to deliver on promises of progress.

¶15. (SBU) Comment: The GOB's offer to exchange improvements in illegal coca eradication for an extension of ATPDEA trade preferences revealed government officials' illusions and lack of understanding of U.S. trade policy. Morales and other officials appear to have ignored warnings that an ATPDEA extension is unlikely and seem instead to be operating under the assumption that the United States considers Bolivia "too important" to ignore. GOB officials also seem unaware that if an ATPDEA extension were a possibility, Bolivia could fail to meet the Act's counternarcotics cooperation criteria and could be declared ineligible for trade preferences. In this latest proposal, GOB officials have again demonstrated their inexperience - to the extent that the Foreign Ministry's vice minister of economic relations and foreign trade was reportedly unsure where to send a letter formally requesting an ATPDEA extension. End comment.

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